



July 14, 2016

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Deputy Administrator and Director
Center for Medicaid and CHIP Services
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Dear Ms. Wachino:

MedNorth Health Center is pleased to provide comments on the North Carolina Medicaid and NC Health Choice Section 1115 Demonstration Waiver Application that was submitted by the North Carolina Department of Health and Human Services (NC DHHS) to the Centers for Medicare and Medicaid Services (CMS) on June 1, 2016.

MedNorth Health Center is a federally qualified health center (FQHC) organization that provides comprehensive primary care services to the medically underserved in New Hanover County. As a community health center, we serve all patients regardless of ability to pay, and in 2014 we served 6,426, including 1,121 Medicaid patients and 3,055 uninsured patients. Along with North Carolina's 37 other community health centers, we form the backbone of North Carolina's safety net and its Medicaid primary care providers. We are by statute and by mission required to serve Medicaid and NC Health Choice patients, and we therefore have a vested interest in ensuring that the Medicaid program maintains accessibility for patients and providers alike, sustainability, and integrity throughout the transformation process. However, we have several significant concerns regarding the waiver application as submitted by the State, and we urge CMS to consider the following comments.

Expand Medicaid to Improve Access and Health Outcomes

CMS should encourage the State of North Carolina to expand Medicaid by extending insurance coverage options to all adults ages 18-64 with incomes at or below 138% of the Federal Poverty Level.

The 1115 Demonstration Waiver submitted by NC DHHS lacks the most important health policy change needed to improve access and quality of care for North Carolinians and strengthen the provider community — Medicaid expansion as called for under the Affordable Care Act. Medicaid coverage should be extended to all adults ages 18-64 with incomes at or below 138% of the Federal Poverty Level (FPL). In North Carolina, expanded Medicaid would cover more than 400,000 people; at least 244,000 of those in the Coverage Gap are uninsured as a result.¹

In 2014, 43% of all FQHC patients in North Carolina were uninsured and more than 70% of patients lived at or below 100% FPL. FQHC providers see firsthand the significant health challenges and barriers to needed

services that these uninsured and low-income patients face. In North Carolina, nearly 40,000 women are not receiving recommended preventive screenings, 27,044 diabetics cannot get much needed medications, and 45,500 individuals with depression are not getting the treatment they need.ⁱⁱ In fact, providers often have to modify treatment plans for uninsured patients because of their inability to afford a specialist visit or pay for needed medications.

North Carolina community health centers estimate statewide health center revenues would increase by up to \$35 million if the state increased access to affordable insurance for low-income populations. If Medicaid were expanded, we estimate that MedNorth Health Center would receive an estimated \$1,311,060 in annual revenue through reimbursement from the Medicaid program, a vast increase over the revenue we collect from our uninsured patients now. This additional funding would allow us to enhance and expand our existing operations and explore innovations to better deliver care to our communities.

A policy brief from the Georgetown Center for Children and Families finds that federally qualified health centers and safety net hospitals in states that expanded Medicaid see fewer uninsured patients, provide less uncompensated care, and experience more budget savings compared to their peers in states that have not expanded the program.ⁱⁱⁱ The report highlights research showing health centers experience decreases in uninsured visit rates drop by as much as 40% following Medicaid expansion. These budget savings have provided the safety net with more flexibility to expand their sites and services, hire new staff, update clinical and medical equipment, and integrate and improve the care they provide.^{iv} For example, health centers in expansion states were significantly more likely than those in non-expansion states to report having expanded their capacity for dental and mental health services since the start of 2014.^v Health centers in our state remain hampered from expanding their efforts to innovate and improve their practices due to a lack of funding streams to support them. Under Medicaid reform as proposed by this Waiver application, our state will not achieve such levels of integrated care without expanding access to coverage for the remaining uninsured population in our state.

Develop a Plan to Replace Eliminated Resources and Services

CMS must require the North Carolina Department of Health and Human Services to articulate how they will maintain current levels of investment to primary care providers for integrating on-the-ground, Medicaid case management services in their practices.

The State claims that it plans to build upon the successes of North Carolina's nationally acclaimed enhanced primary care case management program, Community Care of North Carolina (CCNC). However, the Waiver eliminates this program entirely from the new system without any articulated model to replace the services it provides. The CCNC program provides FQHCs and other primary care providers with vital financial support to integrate case management services that address Medicaid beneficiary needs. Federally qualified health centers served more than 144,000 Medicaid beneficiaries in 2015 and stand to lose at least \$5.6 million in PMPM payments for case management services under the current Waiver proposal. MedNorth Health Center received \$78,387.50 in 2015 to support case management functions.

The Waiver fails to explain how the newly-developed Person-Center Health Communities (PCHCs) or Prepaid Health Plans (PHPs) will continue current levels of financial support for case management services. We question whether the PHPs replacing CCNC will be willing to provide primary care providers with resources to continue critical on-the-ground case management services so our providers can offer the same quality of care and achieve comparable savings.

We ask the Centers for Medicare and Medicaid Services to demand North Carolina Department of Health and Human Services make a commitment and present a clearly articulated plan for how the State plans to ensure current levels of financial support to for case management services among primary care providers are retained in the transitioned Medicaid program.

Other Areas of Concern:

- **Increased administrative burden on providers** - Moving North Carolina Medicaid away from single payer system toward one in which up to 15 plans may operate throughout the state will dramatically increase the administrative burden and cost to providers of participating in the Medicaid program.
- **Beneficiary eligibility and enrollment systems** - Medicaid reform should streamline beneficiary eligibility and enrollment processes. However, under the State's proposal, beneficiaries will be subject to a two-step eligibility and enrollment process in which they must select a plan through an enrollment broker after having had their eligibility for Medicaid determined by the county Department of Social Services. The existing North Carolina Medicaid eligibility systems in place for beneficiaries regularly fail to meet timeliness standards, delaying access to Medicaid and access to needed health care services as a result.
- **Issue Area: Regional issues, networks, and conflict of interest concerns** - Having provider-led entities (PLEs) as both insurers and providers in a reformed, capitated Medicaid program may present a conflict of interest for networks and set the stage for unfair competition within the provider community.

In addition to the preceding, we would like to echo the comments of the North Carolina Community Health Center Association, which is the state primary care association of which we are a member. Please see their comments for additional details.

Thank you for considering our comments. Any questions about the preceding should be directed to:

Althea Johnson

Chief Executive Officer

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910 202 8623 office

ⁱ Dorn, S., McGrath, M., Holahan, J. (August 2014). What is the Result of States Not Expanding Medicaid? Robert Wood Johnson Foundation & Urban Institute. Retrieved from: <http://www.urban.org/UploadedPDF/413192-What-is-the-Resultof-States-Not-Expanding-Medicaid.pdf> ⁱⁱ Dickman, S., Himmelstein, D. McCormick, D., and Woolhandler, S. *Opting Out of Medicaid Expansion: The Health and Financial Impacts*. (January 30, 2014). Health Affairs Blog. Available online at: <http://healthaffairs.org/blog/2014/01/30/opting-out-of-medicaid-expansion-the-healthand-financial-impacts/>.

ⁱⁱⁱ Georgetown University Health Policy Institute Center for Children and Families. (June 2016). *Beyond the Reduction in Uncompensated Care: Medicaid Expansion Is Having a Positive Impact on Safety Net Hospitals and Clinics*. Retrieved from: http://ccf.georgetown.edu/wpcontent/uploads/2016/05/Medicaid_hospitals-clinics-June-2016.pdf ^{iv} Ibid. ^v Ibid.

